



TREASURER-TAX COLLECTOR

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DAN McALLISTER
TREASURER-TAX
COLLECTOR

LISA MARIE HARRIS
CHIEF DEPUTY
TREASURER

TREASURY OVERSIGHT COMMITTEE MINUTES OF MEETING April 25, 2007

ATTENDANCE:

PRESENT:

Members:

Barry I. Newman, Public Member, Chairman
Dan McAllister, Treasurer-Tax Collector
Helen Robbins-Meyer, Assistant Chief Administrative Officer
Tracy Sandoval, Asst. Chief Financial Officer, Auditor & Controller
Lora Duzyk, Asst. Superintendent, S.D. Co. Office of Ed
Vernon Evans, Public Member
William A. Kowba, Chief Financial Officer, S.D. Co. Unified
School District

Ex-Officio Members

Donald Steuer, Chief Financial Officer, Auditor & Controller

ABSENT:

Renee Wasmund, Public Member
Chris Zapata, Public Member
Wilmer Cooks, Public Member
Annette Hubbell, Public Member

County Staff:

Lisa Marie Harris, Chief Deputy Treasurer, Treasury Division
Dennis Gibson, Assistant Treasurer-Tax Collector
Rob Castetter, Chief Investment Officer, Treasurer-Tax Collector
Mark Van Den Herik, Investment Officer, Treasurer-Tax Collector
Orgia Senior, Administrative Secretary, Treasurer-Tax Collector
Cecilia Trinidad, Assistant Manager, Treasurer-Tax Collector
Bill Smith, Sr. Deputy County Counsel
Janel Pehau, Director, Office of Financial Planning

Guest:

Kay Chandler, Chandler Asset Management

1. **CALL MEETING TO ORDER**

Chairman, Mr. Barry Newman, called the meeting to order at 1:35 p.m. in Room 402a of the County Administration Center.

2. **REQUEST BY PUBLIC TO ADDRESS THE TREASURY OVERSIGHT COMMITTEE ON ANY MATTER WITHIN THE COMMITTEE'S JURISDICTION**

There were no comments from members of the public for the Treasury Oversight Committee.

3. **APPROVAL OF October 25, 2006, MEETING AGREEMENTS/ACTIONS AND MINUTES.**

Mr. Newman asked for a motion to approve the minutes from the last meeting on October 25, 2006. A motion was made, seconded, and approved by committee members.

Mr. Newman mentioned to committee members if they had any questions or concerns regarding the Investment Policy, they should present them at the next meeting.

4. **TREASURER'S REPORT**

Investment Policy

Mr. McAllister reported that the 2007 Investment Policy was approved by the Board of Supervisors. Copies of the Investment Policy were distributed to committee members. Mr. McAllister indicated that if anyone has any questions regarding the Investment policy, please feel free to contact his office.

Custodian Bank - Bank of New York

Mr. McAllister reported that the Bank of New York is the new custodian bank for the County Treasurer. The transition was completed on April 2, 2007.

CAFR Report

Mr. Mc Allister stated that a copy of the CAFR report will be given to all committee

members. Mr. McAllister commended Cecilia Trinidad for her dedication in completing the report. He also commended staff members for doing a wonderful job in assisting with the completion of the report.

Voluntary Participation in County Pool

Mr. McAllister reported that he has continued to meet with public entities who have expressed an interest either to invest in the County Pool or a dedicated portfolio. Mr. Newman stated by having more dollars invested in the pool, the better the investment strategies can be to manage those funds. Mr. McAllister said there has been good responses and positive feedback.

Mr. McAllister introduced Mr. Dennis Gibson, the new Assistant Treasurer-Tax Collector who started working for the department on January 1, 2007. Mr. McAllister expressed that Mr. Gibson is doing a great job.

5. INFORMATIONAL PRESENTATION: PORTFOLIO BENCHMARK

Ms. Lisa Marie Harris reported that the idea of having the Investment pool benchmarked was to manage performance, and to have a more strategic approach as to how the Investment Officers manage the portfolio. Ms. Harris stated that Mr. Rob Castetter and Ms. Kay Chandler have worked diligently over the last six months to develop an appropriate risk return strategy for one portion of the portfolio.

Mr. Rob Castetter gave an informational presentation on the portfolio benchmark. Mr. Castetter explained that a benchmark is a model that represents what is an appropriate characteristic for a portfolio. A benchmark portfolio looks at the duration, security type, rating, and credit quality. It also displays the appropriate risk return for the portfolio.

The benchmark portfolio will be used to measure the risk return on approximately \$1 billion of the total portfolio and meets the requirements for the government code and investment policy. The benchmark duration is targeted at 1.6 years.

Ms. Kay Chandler further explained the purpose for having a benchmark is to develop a risk profile that is based on an index that has positively performed. She further stated that the total return of the benchmark portfolio determines if the investment strategy is meeting your objectives.

Ms. Harris wanted to re-emphasize that the purpose of the benchmark portfolio is not necessarily to make more money, but it will be used as a tool to measure and monitor performance.

Mr. McAllister informed committee members that he and the Investment Officers have been meeting weekly since last year with Ms. Chandler to discuss the marketplace, to evaluate the benchmark portfolio, and to determine the weekly investment strategy for the entire pool and dedicated portfolios.

6. PRESENTATION ON MARKET CONDITIONS – TREASURY INVESTMENT REPORT

Mr. Rob Castetter provided an update on the market conditions. The highlights of his presentation include a Federal funds rate that remains at 5.25 percent. The Treasury Market yield is 4.61% for the 2-year Treasury. In the Equity Markets, for a 12-month period: DOW has an average of 16.9%, the S&P 500 Index is 15.4%, and the NASDAQ is 8.6%.

The Impact of Real Estate Values on the San Diego Region.

Mr. Rob Castetter briefly discussed the impact of real estate values and projections in the San Diego region. He also covered the housing market (including specific

reference to sub-prime mortgages), and the effects it will have on regional and national real estate values.

Mr. Newman asked if an e-mail can be sent to committee members notifying them when the month end report is placed on the web-site. It was agreed that an e-mail notice will be sent monthly to all committee members.

7. Mr. Newman indicated that he is uncertain if there will be a Treasury Oversight Committee in July. Committee members will be notified if the meeting is cancelled.

The meeting adjourned at 2:30 p.m.

Minutes taken by: Orgia Senior, Administrative Secretary